



New York Farm Bureau • 159 Wolf Road • Suite 300 • Albany, New York 12205 • (518) 436-8495 Fax: (518) 431-5656

October 30, 2023

RE: Testimony for Senate Hearing on Cannabis

On behalf of New York Farm Bureau (NYFB), the state's largest agricultural advocacy organization, I would like to submit this written testimony for the Senate Hearing on Cannabis being held on October 30, 2023.

NYFB represents farmers from across the state, including farmers growing hemp and adult-use cannabis. NYFB appreciates the opportunity for New York farmers to enter the adult-use cannabis market and your efforts to support those farmers in this endeavor, but the farmers continue to face barriers. While the Office of Cannabis Management (OCM) and the Cannabis Control Board (CCB) have implemented some initiatives that support farmers, unnecessary requirements and lack of transparency has created extreme challenges for farmers and led to a devastating financial impact that makes it almost impossible to financially recover. NYFB urges the legislature to hold the OCM and CCB accountable for this situation and ensure that steps are taken to support the opportunity for New York farmers to be successful in this new market.

There are three legislative bills that would support New York farmers and help resolve some of the current challenges in the cannabis market. NYFB requests that the legislature passes these bills in the next legislative session.

Potency Tax Issue- S4831(Cooney)/A4619 (Peoples-Stokes) This bill would amend the tax collection method for adult-use cannabis. The current tax collection method is a THC potency wholesale tax which drastically adds to the price of adult-use cannabis products. As the market in New York grows and consumers search for the lowest prices, in order to compete with the thriving illegal adult-us cannabis market, retailers will have to absorb the extra cost or pass on the cost to growers and processors. Changing the adult-use cannabis tax to 20% at the point of sale is the solution to these problems. With the ongoing issue of the illegal adult-use cannabis market, it is imperative that the state take steps to support the success of the legally licensed adult-use cannabis cultivators, processors and retailers. This legislation will support farmers by removing an unnecessary financial barrier and implementing a more reasonable tax collection method.

Cannabis is an Agricultural Crop- S1752 (Hinchey)/ A1234 (Lupardo) This bill would add the definition of cannabis to Agriculture and Markets law. With the new opportunity for farmers to grow adult-use cannabis, it is important that cannabis is treated as a legitimate agricultural crop. By adding the definition of cannabis to the Agriculture and Markets law, this clears up any confusion regarding cannabis being considered an eligible crop for agricultural related programs,

including the ability to receive an agricultural assessment. Currently, if a farm is receiving an agricultural assessment, the farmer risks losing that assessment if they add cannabis to the list of crops they are producing and add unnecessary costs to entering this new market.

Cannabis Exemption from Sales/Use Tax- S1017 (Cooney)/ A1232 (Lupardo) This bill would exempt certain property and services used in the cultivation of cannabis from sales and use tax in New York State. In 2000, a point-of-sale agricultural sales tax exemption was established for certain farm-related purchases by farms and commercial horse boarding operations. As farmers enter the new adult-use cannabis market, it is important that those farms cultivating adult-use cannabis can utilize the sales and use tax exemptions. This legislation will support the ability of farmers to be successful in growing a new crop and as it removes any confusion surrounding the applicability of the agricultural sales tax exemption on the cultivation of cannabis.

Vertical Integration of Registered Organizations- Even though many comments, including NYFB's, were submitted on the revised regulations regarding concerns with the proposed early entrance of the registered organizations into this market, no regulation amendments were made to solve the issue. NYFB is extremely concerned on how this will negatively impact farmers in the cannabis market and farmers who want to enter the market. Registered organizations have more funding available and more options in terms of the size of their operations. The current regulation allows these organizations to be vertically integrated in the market. It is important that these businesses do not take away the opportunity for New York's farmers to have a viable cannabis business in the state. NYFB requests that the legislature takes steps to ensure that registered organizations do not dominate the cannabis market and push out New York's farmers as they have done in other states.

It is important that New York's farmers have the opportunity to have a successful business in the growth and production of adult-use cannabis in New York. Thank you for your time and consideration of these comments.

Sincerely,

A handwritten signature in cursive script that reads "Renée St. Jacques". The signature is written in black ink and is positioned above the typed name.

Renée St. Jacques
Senior Associate Director of Public Policy and Promotion & Education
New York Farm Bureau